



**Financial Institution
IOLTA Account Manual
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IOLTA Program Overview

The Wisconsin Trust Account Foundation, Inc. (WisTAF) manages the state's Interest on Lawyers' Trust Account (IOLTA) program. This program is designed to collect the interest earned on certain client trust accounts. The resulting funds are distributed via an annual grants program to agencies that provide civil legal services to Wisconsin's poorest residents.

History of IOLTA

Wisconsin's IOLTA program was established in 1986 by the Wisconsin Supreme Court. It is governed by Wisconsin Supreme Court Rule (SCR) Chapter 13 and the rules governing attorneys' trust accounts (SCR 20:1.15). To review a copy of the rules, please refer to the WisTAF Web site: www.wistaf.org.

Financial institution eligibility

Effective January 1, 2010, the Wisconsin Supreme Court amended the Rules governing the state's IOLTA program and requires WisTAF to publish a list of "IOLTA participating financial institutions" on its Web site: www.wistaf.org. WisTAF works closely with financial institutions to verify their status and assists in aligning them with the rule governing IOLTA accounts. In order to verify a financial institution's eligibility, WisTAF requires financial institutions to complete a Wisconsin IOLTA Compliance Certification Form. Please contact WisTAF for a copy of this form.

After receiving your financial institution's Wisconsin IOLTA Compliance Certification Form, WisTAF will contact your financial institution with any pending questions. Once eligibility has been verified, WisTAF will send your financial institution an eligibility confirmation letter and add your financial institution to the list of "IOLTA participating financial institutions," published on our Web site.

Interest Rate Requirements

SCR 20:1.15(cm)(4)b states:

An IOLTA account shall bear the highest non-promotional interest rate or dividend that is generally available to non-IOLTA customers at the same branch or main office location where the IOLTA account meets or exceeds the same eligibility qualifications, if any, including a minimum balance, required at that same branch or main office location. (For more information, please refer to the rule posted on WisTAF's Web site)

Financial institutions may not discriminate between IOLTA accounts and accounts of non-IOLTA customers when paying interest, unless it is to pay IOLTA accounts a higher rate (see Prime Partner program).

Insurance Requirements

Effective January 1, 2011, the Wisconsin Supreme Court amended the Rules governing the state's IOLTA program and now requires attorneys to hold funds in IOLTA accounts where each owner's funds are eligible for the financial institution's insurance coverage. The new requirement does not affect trust accounts in financial institutions insured by the FDIC. If an IOLTA account is being held at a credit union in which an attorney's clients are **not** members and that is **not** designated as a "low-income" credit union, attorneys may need to move their accounts to a financial institution where each individual owner of funds is eligible for insurance coverage. For a list of "low-income" credit unions designated by the National Credit Union Administration, please visit www.ncua.gov.

Prime Partner program

Prime Partner institutions are IOLTA participating financial institutions that go above and beyond IOLTA participation requirements by choosing to pay interest rates on IOLTA accounts that are at least 50 basis points

(0.50 percent) higher than required under the Wisconsin Supreme Court's IOLTA interest rate comparability requirement. The additional interest results in more funding for civil legal aid in communities throughout Wisconsin and, in return, Prime Partners receive special recognition from WisTAF. If your financial institution is interested in becoming a member of the Prime Partner program, please contact Rebecca Murray at (608) 257-6844 or rmurray@wistaf.org.

Attorney participation

Every actively practicing attorney or law firm in Wisconsin that accepts funds in trust is required to have an IOLTA account. Exceptions include government attorneys, corporate attorneys, and out-of-state attorneys who are licensed to practice law in Wisconsin but do not have any Wisconsin clients.

To open an account, the lawyer is responsible for completing the *Attorney IOLTA Trust Account Agreement* (see www.wistaf.org for an updated copy) and the *Overdraft Notification Agreement* (see <http://wicourts.gov/services/attorney/docs/trustagreement.pdf> for an updated copy) Attorneys can receive these forms by contacting the WisTAF office or downloading an online version.

IOLTA accounts are set up as pooled trust accounts for funds that either are small in amount or are deposited for a short duration of time. Attorneys are responsible for determining in good faith which client funds should be deposited into an IOLTA account. The general guideline used by attorneys is whether the interest generated by the funds would benefit the client after all administrative costs (primarily bank service fees and attorney fees) are deducted. Corporate money can not be deposited into IOLTA accounts.

Opening IOLTA Accounts

Basic account information

Per Wisconsin Supreme Court Rule 20:1.15(b), each trust account shall be clearly designated as a "Client Account," a "Trust Account," or words of similar import. The rule further specifies that using an acronym such as "IOLTA" without further elaboration does not properly identify a trust account. For more information on titling trust accounts, please contact Wisconsin's Office of Lawyer Regulation at (877) 315-6941, ext. 2.

Tax identification number (TIN)

Your financial institution should use WisTAF's Federal Tax ID# for each IOLTA account: 391555465

1099-INT for IOLTA accounts

1099 INT forms should **not** be issued for IOLTA accounts. Interest on IOLTA accounts is taxable to the Wisconsin Trust Account Foundation, Inc. (WisTAF) and there are no tax consequences for clients, lawyers, or law firms. The Internal Revenue Service has stated that the interest on nominal and short-term client advances which is paid over to a bar foundation pursuant to a court-established interest on trust accounts program is not includable in the gross income of clients. Because WisTAF is exempt from federal income tax under Section 501(a) of the Internal Revenue Code, 1099 forms or other reports of interest are not required to be prepared or submitted to the Internal Revenue Service for IOLTA accounts.

Financial institution contact form

WisTAF requests that your financial institution complete the *Financial Institution Contact Form* on a regular basis in order to help WisTAF keep accurate records of IOLTA and management contacts. WisTAF will email a form for completion periodically to your IOLTA contact to gather accurate contact information. Please notify WisTAF of any IOLTA contact changes as they arise.

Managing Your IOLTA Accounts

Fees and service charges

Consistent with Wisconsin Supreme Court Rule 20:1.15, there are a limited number of fees that can be charged against IOLTA interest. The allowable reasonable fees may be deducted from interest earned or dividends paid on an IOLTA account, such that charges shall be calculated in accordance with an IOLTA participating financial institution's standard practice for non-IOLTA customers. If non-IOLTA customers are not charged some or all of the allowable fees, financial institutions are also required not to charge those fees to IOLTA accounts. The only exception to this is an approved administrative fee (see below).

Allowable fees

- Activity fees are limited to per check charges and per deposit charges
- Other allowable fees are limited to FDIC fees, sweep fees, and fees in lieu of minimum balance
- Administrative fees are allowed but must be approved by WisTAF Executive Director, De Ette Tomlinson. Please contact Ms. Tomlinson at (608) 257-2841 or dtomlinson@wistaf.org to request approval for an administrative fee.

Negative netting prohibited

Fees in excess of the interest earned or dividends paid on the IOLTA account for any month or quarter shall not be taken from interest or dividends of any other IOLTA accounts. Fees in excess of the interest earned or dividends paid on a monthly basis shall not be taken from interest or dividends of another month's interest in that same quarterly reporting period. No fees that are authorized under this policy shall be assessed or deducted from the principal of any IOLTA account. All other fees are the responsibility of, and may be charged to, the lawyer or law firm maintaining the IOLTA account though IOLTA participating financial institutions may elect to waive any or all fees on IOLTA accounts. For more information about charging the lawyer or law firm a non-allowable fee, please contact Wisconsin's Office of Lawyer Regulation (OLR) at (877) 315-6941 ext. 2.

Business analysis accounts

The practice of using business analysis accounts for IOLTA accounts is a practice that could possibly violate attorney ethics rules by allowing the attorney/law firm to receive business benefits based on client funds they hold in trust. WisTAF strongly discourages banks from offering business analysis products as IOLTA eligible products in order to inadvertently appear of impropriety on an attorney's or law firm's part in handling funds held in trust for their clients. Please refer to SCR 20:1.15 (cm)(4)c for a description of the types of accounts allowed as IOLTA accounts.

Annual compliance certification

Each IOLTA participating institution shall certify to WisTAF annually that the financial institution meets the requirements of Wisconsin Supreme Court Rule (SCR) 20:1.15 for IOLTA accounts, and that it reports overdrafts on draft trust accounts and draft fiduciary accounts of lawyers and law firms to the office of lawyer regulation.

WisTAF will send all participating financial institutions compliance certification forms at the beginning of each calendar year requesting IOLTA comparability rate information and current rate and product information. Financial institutions are required to respond to reasonable requests from WisTAF for information needed for confirming the accuracy of an IOLTA participating financial institution's compliance certification.

Compliance certification forms are due to the WisTAF office by January 31st of each calendar year. Financial institutions that do not comply with the deadline may be removed from the "List of Eligible Participating Financial Institutions," thereby notifying all attorney clients of the financial institution's status.

Closing IOLTA accounts

If one or more of your financial institution's IOLTA accounts closes, please note this with the letter "C" in the IOLTA remittance report under the "Account Status" field. Once WisTAF receives this notification, we will update IOLTA database records accordingly. Please ensure that all interest on the account has been paid to WisTAF before closing the account. See *Record Layout of Template* below for specific information.

IOLTA Remittance Process

Remittance frequency and requirements

An IOLTA participating financial institution must remit and report interest on at least a quarterly basis. Monthly reporting is encouraged, when reasonable. An IOLTA participating financial institution must do the following:

- Remit to WisTAF the interest or dividends, less allowable reasonable fees as allowed, on the average monthly balance in the account. See *Payment of Interest via ACH transmittal* section below for specific information.
- Provide to WisTAF an electronic remittance report showing, for each IOLTA account, the name of the lawyer or law firm for whose account the remittance is sent; the rate and type of interest or dividend applied; the amount of allowable reasonable fees deducted, if any; the average account balance for the period for which the report is made; and the amount of remittance attributable to each IOLTA account.
- Provide to the depositing lawyer or law firm a remittance report in accordance with the participating financial institution's normal procedures for reporting account activity to depositors.
- Respond to reasonable requests from WisTAF for information needed for purposes of confirming the accuracy of an IOLTA participating financial institution's remittance report

Payment of interest via ACH transmittal

WisTAF requires that your financial institution set up an Automated Clearing House (ACH) disbursing (holding) account where the sum of the interest accrued for all of your IOLTA accounts will be deposited immediately prior to the remittance for a given period. Once you have established an ACH disbursing account for IOLTA use, please contact the WisTAF office to complete and submit an ACH Verification form.

Please note: Your financial institution's ACH disbursing account can be a general ledger or a checking account. The account can be used for other vendors or customers – it need not be WisTAF exclusive. The ACH account cannot be an established trust account as the rule governing trust accounts does not allow for third party transactions.

Please deposit the total net IOLTA interest earned (on all IOLTA accounts) for the reporting period into your ACH disbursing account. Funds should be made available in the ACH disbursing account on the same day you submit your remittance report to WisTAF. WisTAF will initiate the ACH transfer of interest from your ACH disbursing account to WisTAF's account. There is no need for the financial institution to initiate payment.

Your financial institution's IOLTA contact will receive a confirmation email stating the date the IOLTA interest will be debited and the amount to be debited. This is an opportunity to contact WisTAF in case there is a debit discrepancy.

Electronic reporting

WisTAF requires that your IOLTA participating financial institution submit its IOLTA remittance report electronically each month or quarter, depending on the remittance frequency your financial institution has chosen. WisTAF will email your IOLTA contact an electronic template file (in .csv file format) for you to complete and submit.

The template file name is “FI”+“*Financial Institution Number-Financial Institution Name*,” where the financial institution number is that which is assigned by WisTAF for use in its database. For example, a file name might be, “FI541-Example Bank” – where “541” is the unique number WisTAF uses for a specific financial institution and “Example Bank” is the name of the financial institution.

Upon receiving the template file, please save an original copy of it for use in reporting each month or quarter, making sure to preserve the pre-assigned file name that allows WisTAF to differentiate the files received from IOLTA participating financial institutions.

Optional – Export the report from your institution’s computer software to match the new file

Your financial institution is welcome to use its own software to output a comma-separated values file (“.csv” file format) that exactly matches the column headers and record layout shown in the new WisTAF remittance report template file, which WisTAF would then use for import into its database.

Caution about Using Microsoft Excel® to complete the new remittance report template file

Note that Microsoft Excel can introduce unintended changes to the remittance data, for instance, by automatically eliminating leading zeros (on trust account numbers, etc.), adding unwanted “\$” signs, and changing the formatting of dates.

If Microsoft Excel must be used for producing the remittance file, here are the recommended steps:

- Open the new WisTAF remittance report template file in Microsoft Excel.
- **BEFORE** entering any data, use your mouse to select all the cells in the worksheet by clicking on the *top left* corner of the Excel worksheet, which will highlight the entire sheet.
- Now use your mouse to *right* click on the highlighted Excel worksheet.
- A pop-up menu will appear, and then *left* click on “Format Cells.”
- In the dialogue box that appears, on the Number tab, under “Category,” select “Text” (rather than as “General” or “Number”, etc.) and then...
- Select “OK.”

Note: You may also need to expand the column widths to be able to fully view the column headers.

After taking the recommended steps, you are ready to enter your remittance report data, including trust account numbers with or without leading zeros. Reminder: You must perform the aforementioned steps **BEFORE** you enter any data in the cells, immediately after you open the template file in Microsoft Excel. Note that all data that you enter will become left-justified because the information is formatted as text, and Excel will add an informational arrow in the upper-left corner of each cell in which you have entered a number. Also note that dollar amounts may include a “\$” but may NOT include a comma, because the comma is used to separate data in the “.csv” formatted file.

Saving the file: Once you have finished entering your data in the new WisTAF remittance report template file, save it in the “.csv” file format in which it was sent to you (while preserving the pre-assigned file name). To do this, go to “Save as” and in the File Type section be sure that “CSV comma delimited” is selected. Submit the file to WisTAF via upload using our secure website. You

may manipulate the file's name with reporting period details to ensure unique files for your records. Examples below:

- FI541 – Example Bank – July 2010.csv
- FI541 – Example Bank – Quarter 2 2010.csv

Once saved and closed, please avoid re-opening the file in Microsoft Excel because: 1) Excel will no longer display any leading zeros that you have entered and 2) Excel will drop the leading zeros altogether if the file is re-saved.

If you need to re-open the file to review it or change or add data, please: *Right* click on the file name and select “Open with” and choose the Notepad or WordPad program that is included with Microsoft Windows for these tasks, in order to preserve any leading zeros and the text formatting for all the fields, and avoid Microsoft Excel introducing unintended formatting. If your computer lacks Notepad or WordPad, and you *must* re-open the remittance report file in Excel to change or add data, you must be sure to repeat the steps described above for formatting all data as text; you might also need to re-enter any trust account numbers with leading zeros (which Excel drops) and also might need to re-enter dates in MM/DD/YYYY format (which Excel might change).

Report file rules

The following rules apply:

- The new WisTAF remittance report template file is a comma-separated values (“.csv”) ASCII Flat File format.
- In all cases, the remittance file should contain text only, and not contain any binary data.
- Dollar amounts may include a “\$” but may NOT include a comma, because the comma is used to separate data in the “.csv” formatted file.
- All numeric fields have an actual decimal point.
- All date fields are in the MM/DD/YYYY format, as noted below.
- The Trust Account Number must:
 - Contain numerals only and *not* start with “account” or any other characters other than the number itself.
 - Not be empty, or else the record cannot be imported by WisTAF database.
- All data fields required by the record layout must be present, even if populated only with a “0” (zero) or left blank, to ensure that the IOLTA2 Software translates all expected fields in the correct length and order. This is also addressed further below in the Record Layout guidance.
- Record length is variable though there are width limits, as noted below.
- All records are terminated with a Hard Return (HRt).

Record layout of template file

All fields are comma-separated values (“.csv” file format), one record per line. There are no fixed field widths; however, the upward limits are listed. Fields may contain a zero (“0”) or be left blank, if no information is available.

Field Name	Width Limits	Formatting
WisTAF Tax ID#	10	
Routing Transit Number	9	
Branch ID	6	
Trust Account Number	17	
Account Status	1	A, C, or N (Active, Closed, or New)

Begin Earnings Period	10	MM/DD/YYYY
End Earnings Period	10	MM/DD/YYYY
Interest Rate	5	include actual decimal; may include % sign
Gross Remittance	10	include actual decimal; may include \$ sign (but <u>not</u> a comma)
Administrative Fee	10	<i>same as gross remittance format</i>
Other Allowable Fees	10	<i>same as gross remittance format</i>
Activity Fees	10	<i>same as gross remittance format</i>
Net Remittance	10	<i>same as gross remittance format</i>
Principal Balance Used	12	<i>same as gross remittance format</i>
Rate Type	4	
Other	10	<i>same as gross remittance format</i>
Waived Charges	10	<i>same as gross remittance format</i>
Target Balance	10	<i>same as gross remittance format</i>
Sweep Fee	10	<i>same as gross remittance format</i>
Firm Name	60	<i>Please do <u>not</u> insert any commas in the firm name</i>

Report field definitions

The following field definitions apply to the WisTAF remittance report template file:

WisTAF Tax ID #

Your institution should enter 391555465 (WisTAF's Federal Tax ID #) in this field for each IOLTA account being remitted. This can be used as the batch separator by a financial institution that is remitting to multiple IOLTA Programs, and to validate the proper file being transmitted to the correct IOLTA Program. It is validated by WisTAF's IOLTA2 Software Database to process the correct IOLTA accounts.

Routing Transit Number

This is the Routing Transit Number of a financial institution where the trust account is held. If one financial institution is remitting for multiple facilities, then this field should reflect the Routing Transit Number for the facility where the account is located. It can be "hard coded" (hard-wired) for financial institutions remitting with one Routing Transit Number.

Branch ID

This is a financial institution's internal Branch ID for those facilities that have multiple branches. It can include a financial institution's ID # with the branch designator. When one Routing Transit Number is used for multiple offices or branches, this field is required to identify the actual location of the trust account. If the remittance is for one office, then default to "0."

Trust Account Number

This is the unique 17-digit number that identifies the account (this may, but is not required to, contain leading zeros to account for 17 digits). It will be used in the ACH system and must conform to the ACH standards. It does not include any local prefixes or suffixes.

Account Status

This field is used to identify whether the account is a regular active remittance (A), a recently closed account that has interest to report (C), or a new account that has not previously been reported (N). Completion of this information, however, does assist WisTAF, as closed accounts are closed automatically by the IOLTA2 software and new accounts will be automatically maintained in the future.

Begin Earnings Period

The first date for which interest is accumulated for the reported trust account in MM/DD/YYYY format.

End Earnings Period

The last date for which interest is accumulated for the reported trust account in MM/DD/YYYY format.

Interest Rate

The interest rate used to calculate the gross remittance for the earnings period reported. Please report this number as a rate and not as basis points.

Gross Remittance

The gross interest earned by the trust account during the earnings period reported.

Administrative Fee

An IOLTA administrative fee pre-approved by WisTAF and applied per account. If none, enter a "0" (zero). *Note: As of January 1, 2010, assessing this fee requires that your financial institution contact WisTAF for pre-approval.*

Other Allowable Fees

Other allowable reasonable fees are limited to fees in lieu of minimum balance, sweep fees, and federal deposit insurance fees. If none, enter a "0" (zero).

Activity Fees

Activity fees are limited to per check charges and per deposit charges. If none, enter a "0" (zero).

Net Remittance

The net amount of remittance due to the IOLTA Program. This amount is usually calculated as the Gross Remittance minus the Administrative Fee, Other Allowable Fees, and Activity Fees. If a financial institution waives a negative net on an IOLTA account, then a zero (0.00) amount is entered.

Principal Balance Used

The principal balance used to calculate the interest earned, such as the average collected balance.

Rate Type

Type of interest rate used. ICR=Interest Checking, TICR=Tiered Interest Checking, RIR=Repo Interest.

Other

Leave blank.

Waived charges

Any service charges that have been waived, for example, in order to provide a net zero transaction.

Target Balance

If relevant, the sweep product's target balance applied to this account when calculating the remittance.

Sweep Fee

Any sweep fee charged on this account.

Firm Name

The name of the law firm on the account. Completing this field will eliminate or reduce communication with a financial institution regarding new accounts.

Uploading report securely

Once you have completed your financial institution's IOLTA remittance report, save your report to a location on your hard drive or network. Go to the homepage of WisTAF's Web site: www.wistaf.org and complete the following steps:

- Register your financial institution to access the file upload page. To register, click the "Registration" link in the upper right hand corner of the WisTAF Web site homepage. Enter the required information.
Please note: user names and passwords must contain only alpha characters (a to z) and should not contain any spaces. **Do not include numbers or special characters in your user name or password.**
- Enter the user name and password you created when you first registered to access the file upload page. The login area can be found in the upper right hand corner of the WisTAF Web site homepage.
- Once you have logged in, click on the "Upload files" link in the upper right area of the screen. Click the "Browse" button and locate the file you wish to upload (your completed remittance report in .csv file format). Next, click the "Upload document" button. You will now see your chosen file in the "My files" listing at the bottom of the page. Once you have uploaded your remittance report, WisTAF staff will download the file and process your remittance.
- Your IOLTA contact will receive an email confirming that WisTAF has received your report and the date your financial institution's ACH disbursing account will be debited.

Financial Institution Participation

Participating in the IOLTA program is voluntary and an IOLTA participating financial institution may withdraw from the program at any time. If your financial institution wishes to no longer participate in the IOLTA program, please follow the steps below:

- Immediately notify WisTAF of your financial institution's decision in writing.
- Notify your affected attorney/law firm customers that your financial institution will no longer be offering the IOLTA program.
- Once your attorney/law firm customers have closed their accounts, please notify WisTAF of the date each IOLTA account was closed.

Financial Institution Mergers

If your financial institution is undergoing a merger with another financial institution, please follow the steps below:

- Immediately notify WisTAF in writing of your financial institution's decision.
 - Notify your affected attorney/law firm customers that your financial institution is merging with another financial institution.
 - Send WisTAF an updated list of trust accounts, should the trust account numbers change during the merger.
-

Contacting WisTAF

Please do not hesitate to contact WisTAF for any questions or concerns you may have:

Wisconsin Trust Account Foundation, Inc.
825 Williamson Street, Suite A
Madison, WI 53703

Phone: (608) 257-6845 or (877) 749-5045

Fax: (608) 257-2684

Email: service@wistaf.org

Or, visit our Web site for information and/or forms: www.wistaf.org

IOLTA Contact

Tehmina Islam

Program Assistant

Phone: (608) 257-6845

Email: tislam@wistaf.org

De Ette Tomlinson

Executive Director

Phone: (608) 257-2841

Email: dtomlinson@wistaf.org

Rebecca Murray

Program Manager

Phone: (608) 257-6844

Email: rmurray@wistaf.org

Other Helpful Contacts

Office of Lawyer Regulation
110 East Main Street, Suite 315
Madison, WI 53703-3383

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